

**BILL #** HB 2234

**TITLE:** JTEDs; bonding

**SPONSOR:** Tobin

**STATUS:** As Introduced

**PREPARED BY:** Steve Schimpp

## FISCAL ANALYSIS

### Description

The bill amends statute to allow joint technological education districts (JTEDs) to issue voter-approved class B general obligation bonds to fund capital improvements or purchase soft capital items at JTED facilities other than a “main” JTED campus. Current law permits such bonding for “the main campus” of a JTED only. The bill also allows bond proceeds to be used to improve leased facilities that are used for career and technical education. (JTEDs often lease instructional space from their member districts.) In the latter case, the bill 1) excludes the leased space from School Facilities Board (SFB) calculations pertaining to building renewal and new school construction funding and 2) requires the JTED to enter into an intergovernmental agreement (IGA) or contract with the school district that owns the facility in order to dedicate it to career and technical education only for 10 years or the duration of the bonded indebtedness, whichever is greater.

### Estimated Impact

The bill is not expected to have a state fiscal impact relative to bonding, as debt service costs on local bond issuances are funded with local monies only. It potentially would decrease SFB building renewal costs and increase SFB new construction costs, although the net SFB impact probably would be minimal due to the very small percentage of statewide school space affected. Finally, the bill could indirectly increase Basic State Aid costs, since the state funds most JTED per pupil costs and new bonding permitted by the bill could result in increased pupil enrollments in JTED programs.

### Analysis

Current law permits JTEDs to bond for capital improvements at “the main campus” of the JTED (A.R.S. §15-491.H.2). Most of the 11 existing JTEDs, however, operate their instructional programs primarily out of “satellite” sites at local school districts and, therefore, do not have a main campus. The bill would allow those satellite-based JTEDs also to bond for capital improvements and soft capital purchases for both owned and leased facilities. The bill, however, would prohibit bond proceeds from being used on leased facilities that are not exclusively used for career and technical education. It also would require an intergovernmental agreement or written contract to be issued for affected leased facilities in order to dedicate them to career and technical education use only for 10 years or the duration of the bonded indebtedness, whichever is greater.

Debt service on locally-issued bonds is funded with local monies only, such as from secondary property taxes (which do not qualify for state “homeowner’s rebate” funding). The aspects of the bill that pertain directly to bonding, therefore, are not expected to have a state fiscal impact.

The portion of the bill that would make JTED-improved leased space “invisible” for purposes of computing SFB building renewal and new construction funding entitlements would have a state fiscal impact. That impact probably would be negligible, however, due to the very small percentage of statewide school space that would be affected by the bill. Making JTED-improved leased space “invisible” means that it would no longer qualify for building renewal funding, but would be subtracted from a school district’s space inventory for purposes of computing space deficiencies, which potentially could make it easier for the district to qualify for SFB new school construction funding.

### Local Government Impact

Local debt service costs would increase under the bill if any new voter-approved JTED bond issuances occurred that would not take place under current law. Those increased costs would require increased local property tax collections unless funded with federal impact aid or other locally-available monies.